



**North Carolina Department of Health and Human Services
Office of Public Affairs**

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Dempsey Benton, Secretary

For release: Immediate

Date: April 4, 2008

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DHHS releases Mercer report on LMEs

RALEIGH — DHHS Secretary Dempsey Benton today released an independent consultant's report that says North Carolina should have fewer Local Management Entities (LMEs) to provide community management of mental health services. This is the major recommendation of a five-month study by Mercer Government Human Services Consulting.

Governor Mike Easley asked for a first-ever independent, comprehensive review of the performance of the Local Management Entities, which are responsible for managing mental health, developmental disabilities, and substance abuse services at the local level throughout the state. The Department of Health and Human Services hired Mercer to conduct the review. Mercer's government human services group is a nationally recognized consulting group specializing in assisting government-sponsored programs in becoming more efficient purchasers of health and welfare services. This study is the first of two reports required under the contract with Mercer, which cost \$794,000.

The performance level of the LMEs has a direct impact on how easily and quickly consumers can access services and the quality and effectiveness of the services they receive. The Mercer Report examined how a fully functioning LME should operate and evaluated each LME on its overall performance in three broad categories: financial and business management; information technology and claims management; and clinical operations and governance.

"The Mercer Report does not dictate a prescription for change but provides the state with an important tool that can serve as a meaningful guide for future discussions," Benton said. "The report includes a comprehensive assessment of the key management functions that should be performed in a uniform and consistent manner across North Carolina."

Mercer found that seven LMEs are performing the combined functions at an above-average level, 13 are performing at an average level; and it rated five below average.

The Mercer Report offers three options for improving services:

- Create three to five regional entities and convert the other existing LMEs into core service providers. Mercer estimates selection of this option would result in approximately \$25 million per year savings on administrative overhead.
- Create a central management entity for the entire state, which could be formed through a consortium of existing LMEs, with some LMEs becoming providers or core service agencies.
- Use voluntary consolidation to reduce the number of LMEs to fewer than 20.



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The report includes recommendations for how management of community services should be conducted to improve performance, regardless of structure. Some of the key recommendations are:

- A full-time psychiatrist serving as medical director.
- A trained mental health specialist, a developmental disabilities specialist, and a substance abuse specialist should be part of clinical staff.
- Clinical staff should report to a licensed clinician.
- An annual financial audit should be done by an outside auditor.
- A medical doctor should be on call 24 hours a day for crisis services.
- Service providers should be paid promptly.
- 2 to 3 percent of all paid claims should be audited to ensure that services billed were actually delivered.
- Provider and consumer satisfaction with services should be assessed routinely.
- A report on provider performance should be made available to the local community service area on a regular basis.

A copy of the report is available online at the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services home page at <http://www.dhhs.state.nc.us/mhddsas/index.htm>.

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